

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 10/20/2015	(3) CONTACT/PHONE Kristi Smith, Public Works Accountant (805) 781-5298	
(4) SUBJECT Submittal of a resolution establishing terms of an appropriation from the County of San Luis Obispo General Fund to County Service Area No. 23 (CSA 23) Revolving Fund for distribution on behalf of CSA 23 Water Fund and authorize a corresponding budget adjustment, in the amount of \$60,000, for a revolving fund appropriation to CSA 23 for the purpose of a cash flow loan. District 5.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Adopt the attached resolution establishing terms of an appropriation from the County of San Luis Obispo General Fund to CSA 23 Revolving Fund for distribution on behalf of CSA 23 Water Fund; and 2. Authorize a corresponding budget adjustment, in the amount of \$60,000, for a revolving fund appropriation to CSA 23 for the purpose of a cash flow loan by 4/5 vote. 			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$60,000.00	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1516018 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) District 5			

Reference: 15OCT20-C-4

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works
Kristi Smith, Public Works Accountant

VIA: Will Clemens, Finance Division Manager

DATE: 10/20/2015

SUBJECT: Submittal of a resolution establishing terms of an appropriation from the County of San Luis Obispo General Fund to County Service Area No. 23 (CSA 23) Revolving Fund for distribution on behalf of CSA 23 Water Fund and authorize a corresponding budget adjustment, in the amount of \$60,000, for a revolving fund appropriation to CSA 23 for the purpose of a cash flow loan. District 5.

RECOMMENDATION

It is recommended that the Board:

1. Adopt the attached resolution establishing terms of an appropriation from the County of San Luis Obispo General Fund to CSA 23 Revolving Fund for distribution on behalf of CSA 23 Water Fund; and
2. Authorize a corresponding budget adjustment, in the amount of \$60,000, for a revolving fund appropriation to CSA 23 for the purpose of a cash flow loan by 4/5 vote.

DISCUSSION

It is necessary for CSA 23, the Santa Margarita water system, to obtain an interim loan from the County General Fund. The cash flow is needed for debt payments to the United States Department of Agriculture (USDA) as well as for other operational costs.

On September 15, 2015 a public hearing was held to amend the water service charges. There was a successful majority protest, therefore, the proposed rate increase did not go into effect. On October 1, 2015 the CSA 23 Advisory Group held its monthly meeting and alternative options for a proposed rate increase were discussed. An ordinance for the option supported by the Advisory Group will be introduced to the Board on October 27, 2015.

Should the next rate increase process be successful, increased revenues will not be collected until May 2016 at the earliest. The current reserve balance in the CSA 23 Water Fund is not sufficient to pay for the necessary operating costs and debt payments. An interim loan from the General Fund will provide the necessary cash flow.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed and approved the resolution as to legal form and effect. The Debt Advisory Committee recommended approval of the loan on September 24, 2015.

FINANCIAL CONSIDERATIONS

The Revolving Fund Appropriation (loan) from the General Fund to CSA 23 will be repaid by water sales revenue collected from water customers. The amount of the loan plus interest will be paid back to the General Fund over a period not to exceed 10 years.

The authorizing resolution and corresponding budget adjustment must be approved by at least a four fifths vote for the appropriation to be made.

RESULTS

Approval of the recommended action will provide the cash flow needed for debt payments and operational costs.

ATTACHMENTS

1. Resolution Establishing Terms of an Appropriation from the County of San Luis Obispo General Fund to County Service Area No. 23 (CSA 23) Revolving Fund for Distribution on Behalf of CSA 23 Water Fund

File: CF 320.580.03 - CSA 23

Reference: 15OCT20-C-4

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